

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

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R 271718Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1641

UNCLAS SECTION 01 OF 02 LONDON 08097

E.O. 11652: N/A

TAGS: UK, PINT

SUBJECT: TUC ADOPTS WAGE RESTRAINT GUIDELINES

SUMMARY. TUC GENERAL COUNCIL HAS ADOPTED GUIDELINES ON WAGE RESTRAINT, THEREBY FULFILLING ITS PART OF ITS "SOCIAL CONTRACT" WITH THE LABOR GOVERNMENT. SOME TRADE UNION LEADERS AND MANY IMPARTIAL OBSERVERS ARE SKEPTICAL, HOWEVER, AS TO HOW LONG THESE GUIDELINES WILL HOLD UP UNDER CURRENT AND PROJECTED INFLATIONARY PRESSURES. END SUMMARY.

1. THE TUC GENERAL COUNCIL JUNE 26 MADE ITS CONTRIBUTION TO THE "SOCIAL CONTRACT" WITH THE LABOR GOVERNMENT BY UNANIMOUSLY APPROVING A POLICY DOCUMENT ON COLLECTIVE BARGAINING WHICH URGES UNION NEGOTIATORS TO ACCEPT A MEASURE OF WAGE RESTRAINT WHEN STAGE THREE PAY CONTROLS AND THE PAY BOARD ARE ABOLISHED BY THE GOVERNMENT. THE DOCUMENT, "COLLECTIVE BARGAINING AND THE SOCIAL CONTRACT," WILL GO FORWARD FOR ADOPTION BY THE TUC CONGRESS IN SEPTEMBER AND IN THE MEANTIME IS BEING SENT TO ALL TUC AFFILIATES, ADVISING BUT NOT COMPELLING, THEM TO FOLLOW ITS GUIDELINES IN THE COMING WAGES ROUND. THE GOVERNMENT HAS WELCOMED THE TUC STATEMENT AND SAID IT WILL SOON BE UNCLASSIFIED

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MAKING A STATEMENT IN PARLIAMENT ON THE ABOLITION OF PAY

CONTROLS. IT HOPES TO ENACT BY MID-JULY THE PRICES BILL, GIVING IT THE POWER TO ABOLISH THE PAY BOARD AND STAGE THREE PAY PROVISIONS.

2. DRAWN UP BY THE TUC'S ECONOMIC COMMITTEE, THE DOCUMENT ASKS UNION NEGOTIATORS TO TAKE ACCOUNT OF THE GENERAL ECONOMIC AND INDUSTRIAL SITUATION AND OF THE ECONOMIC AND SOCIAL POLICIES BEING PURSUED BY THE GOVERNMENT. IT WARNS UNIONS THAT "THE SCOPE FOR REAL INCREASES IN CONSUMPTION AT PRESENT IS LIMITED" AND THEREFORE A CENTRAL NEGOTIATING OBJECTIVE SHOULD BE "THE MAINTENANCE OF REAL INCOMES," ENTAILING COMPENSATION FOR RISES IN LIVING COSTS SINCE THE LAST SETTLEMENT, TAKING INTO ACCOUNT COST-OF-LIVING INCREASES ALREADY RECEIVED, OR ARRANGEMENTS TO KEEP UP WITH LIVING COSTS DURING THE PERIOD OF A NEW AGREEMENT. THE UNIONS ARE REMINDED, HOWEVER, THAT TO ENSURE A SMOOTH TRANSITION FROM A STATUTORY TO A VOLUNTARY PAY POLICY "THE 12-MONTH INTERVAL BETWEEN MAJOR INCREASES SHOULD CONTINUE TO APPLY." THE DOCUMENT RECOMMENDS THAT UNION NEGOTIATORS SHOULD ALSO GIVE PRIORITY TO AGREEMENTS WHICH WILL IMPROVE UNIT COSTS AND EFFICIENCY; TO REFORMING PAY STRUCTURES; TO IMPROVING JOB SECURITY; TO HELPING THE LOW-PAID; TO ELIMINATING DISCRIMINATION, PARTICULARLY AGAINST WOMEN; AND, TO IMPROVING NON-WAGE BENEFITS. TO HELP TOWARDS THE QUICK SOLUTION OF ANY DISPUTES, THE DOCUMENT RECOMMENDS THAT ONCE THE PROPOSED CONCILIATION AND ARBITRATION SERVICE (CAS) IS SET UP, UNIONS SHOULD MAKE FULL USE OF ITS FACILITIES.

3. FOLLOWING THE GENERAL COUNCIL'S ENDORSEMENT OF THE NEW POLICY DOCUMENT, LEN MURRAY, TUC GENERAL SECRETARY, COMMENTED THAT IF THE UNIONS FELL SHORT OF THEIR RESPONSIBILITY THEY COULD HARDLY DEMAND FROM THE GOVERNMENT THE

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KIND OF POLICIES WHICH THEY HAD BEEN SEEKING FROM IT IN THE PAST. WHILE EMPHASIZING THAT THE TUC WAS ISSUING GUIDELINES NOT INSTRUCTIONS TO MEMBER UNIONS, HE MADE IT CLEAR THAT THE TUC ECONOMIC COMMITTEE WOULD BE KEEPING A CLOSE WATCH ON UNIONS AND THAT THOSE WITH PROBLEMS SHOULD TAKE THEM TO THE TUC WHILE THOSE "TOO BUSY TO DO SO" COULD EXPECT TO BE SUMMONED TO TALK. HE ACCEPTED, HOWEVER, THAT SOME UNIONS, PARTICULARLY IN THE PUBLIC SECTOR, MIGHT DESERVE SPECIAL CONSIDERATION.

4. ACCORDING TO PRESS REPORTS, THE DOCUMENT WAS UNANIMOUSLY ENDORSED BY THE GENERAL COUNCIL, THOUGH SOME UNION LEADERS, SUCH AS FRANK CHAPPLE, LEADER OF THE ELECTRICIANS UNION, AND RAY BUCKTON, LEADER OF THE TRAIN DRIVERS UNION, LATER EXPRESSED THEIR DOUBTS AS TO ITS LONG-TERM SUCCESS. SEVERAL SUBSTANTIAL PAY CLAIMS, ON BEHALF OF SUCH GROUPS AS THE BUILDING WORKERS AND LOCAL GOVERNMENT WORKERS, ARE ALREADY IN THE PIPELINE AND COULD PUT CONSIDERABLE PRESSURE ON THE TUC'S GUIDELINES WHILE NEXT WEEK THE MINERS ARE EXPECTED TO ADOPT A CLAIM FOR PAY INCREASES OF UP TO 20 POUNDS A WEEK.

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